

BLUE CROSS OF NORTHEAST OHIO
FINANCIAL AND STATISTICAL STATEMENTS

DECEMBER, 1969

C O N D E N S E D C O P Y

BOARDS

MR6
9368.42
B625F

EXHIBIT 1

ASSETS

December 31, 1969

CASH

Deposits in Commercial Accounts - Not at Interest..	\$ 3,874,202.55	
Deposits in Investment Account.....	19,034.89	
Savings Deposits at Interest.....	6,582.28	
On Hand.....	<u>750.00</u>	
		\$ 3,900,569.72

INVESTMENTS

United States Government Securities.....	17,577,094.96	
Public Utility & Industrial Securities.....	11,272,009.81	
Certificate of Deposit.....	530,000.00	
Loan Participation Certificate.....	150,000.00	
Common Stock.....	<u>252,256.06</u>	
		29,781,360.83

ACCRUED INTEREST..... 399,785.06

ACCOUNTS RECEIVABLE

Group Subscribers.....	11,318,007.46	
Medical Mutual of Cleveland, Inc.....	94,639.54	
Ohio Medical Indemnity, Inc.....	101,121.18	
Advance Deposit - Health Care Mutual.....	75,000.00	
Advances for other Service Plans.....	621,334.18	
Advance for Shared Computer Program.....	62,829.59	
Medicare - Administrative Expense.....	48,698.59	
Inter-Plan Service Benefit Bank.....	<u>1,296,874.02</u>	
		<u>13,618,504.56</u>

TOTAL ADMITTED ASSETS..... \$47,700,220.17

MEMORANDUM ACCOUNT - NON-ADMITTED ASSET:

Air Travel Deposit.....	425.00	
Leasehold Improvements.....	<u>457,395.88</u>	
		<u>\$ 457,820.88</u>

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EXHIBIT 2

LIABILITIES AND RESERVES

December 31, 1969

<u>UNEARNED INCOME (LEGAL RESERVE)</u>		\$ 7,628,409.02
<u>DUE HOSPITALS FOR ACCRUED BILLINGS, INCOMPLETE,</u>		
<u>UNDISCHARGED AND UNREPORTED CASES</u>	\$15,618,806.52	
<u>LESS: CURRENT FINANCING DEPOSITS</u>	<u>4,479,078.87</u>	
		11,139,727.65
<u>DUE HOSPITALS FOR ADJUSTED PAYMENTS</u>		
Payments (or Refunds) required to adjust		
tentative payments to audited rates.....	18,930,067.09	
Less: Partial Payment of Rate Adjustment.....	<u>9,467,028.07</u>	
		9,463,039.02
<u>ACCOUNTS PAYABLE, ACCRUED ACCOUNTS, AND OTHER LIABILITIES</u>		
General Accounts Payable.....	212,083.13	
Deposits for Claims of National Accounts.....	2,103,637.04	
National Accounts - Syndicate Funds.....	1,213,628.58	
Unclaimed Checks.....	78,175.47	
Medical Mutual of Cleveland, Inc.....	525,475.95	
Income Taxes Withheld from Employees.....	3,505.89	
Deposited for Purchase of U.S. Savings Bonds.....	1,933.87	
Federal and State Social Security Taxes.....	12,776.78	
Accrued Employees' Compensation.....	271,550.37	
Employees' Retirement Plan.....	1,041.67	
Special Fund Reserve.....	<u>6,464.65</u>	
		4,430,273.40
<u>RESERVES</u>		
Reserve for Contingencies.....		<u>15,038.771.08</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$47,700,220.17</u>
Total Persons Protected.....		1,775,411
Contingencies Reserve Per Capita.....		\$8.47
Contingencies Reserve in Months of		
Hospital and Administrative Expense.....		1.46

EXHIBIT 3

STATEMENT OF INCOME AND EXPENSE
January 1 to December 31, 1968 (Revised) and 1969

	REVISED YEAR <u>1968</u>	YEAR <u>1969</u>
<u>INCOME</u>		
Earned Income from Subscribers.....	\$106,771,720.12	\$120,251,524.54
<u>EXPENSE</u>		
Administrative Expense.....	<u>3,807,803.39</u> 102,963,916.73	<u>4,399,585.26</u> 115,851,939.28
<u>HOSPITAL SERVICES</u>		
Estimated Incurred Claims for Hospital Care at Tentative Rates.....	98,233,700.00	114,391,300.00
Adjustment to Estimated Audited Hospital Rates.....	9,687,808.96(A)	9,410,300.00
Adjustment of Hospital Payments 1963 - 1966.....	<u>1,948,962.20</u> 109,870,471.16	<u>-0-</u> 123,801,600.00
Total Hospital Costs.....		
Less: Refunds covering Compensation Claims, Coordination of Benefits, etc..	<u>333,424.38</u> <u>109,537,046.78</u>	<u>431,720.99</u> <u>123,369,879.01</u>
<u>TO RESERVES-FROM SUBSCRIBER INCOME</u>	-6,573,130.05	-7,517,939.73
<u>OTHER INCOME AND ADJUSTMENTS</u>		
Income from Investments.....	1,597,694.32	1,744,885.00
Leasehold Improvements (Non-Admitted Asset)..	-408,434.80	-643,767.97
Amortization - Leasehold Improvements.....	<u>15,409.36</u> <u>1,204,668.88</u>	<u>51,239.49</u> <u>1,152,356.52</u>
<u>NET REDUCTION OF RESERVES</u>	<u>\$ -5,368,461.17(A)</u>	<u>\$ -6,365,583.21</u>

(A) Revision to Year 1968 - Increase in Hospital Services of \$5,715,808.96 due to change in provision for Adjustment to Estimated Audited Hospital Rates from \$3,931,000.00 to \$9,687,808.96.

EXHIBIT 20

STATEMENT OF OPERATIONS - 1934 TO DATE
December 31, 1969

	<u>1934-1966</u>	<u>YEAR</u> <u>1967</u>	<u>YEAR</u> <u>1968</u>	<u>YEAR TO DATE</u> <u>1969</u>	<u>JULY 1, 1934</u> <u>TO</u> <u>DECEMBER 31, 1969</u>
<u>INCOME FROM SUBSCRIBERS</u>	\$1,113,916,384.38	\$99,728,713.53	\$106,771,720.12	\$120,251,524.54	\$1,440,668,342.57
<u>ADMINISTRATIVE EXPENSE</u>	34,142,486.54	3,195,262.00	3,807,803.39	4,399,585.26	45,545,137.19
	1,079,773,897.84	96,533,451.53	102,963,916.73	115,851,939.28	1,395,123,205.38
<u>HOSPITAL SERVICES INCURRED</u>	1,066,837,022.11	90,514,583.67	109,537,046.78	123,369,879.01	1,390,258,531.57
	12,936,875.73	6,018,867.86	-6,573,130.05	-7,517,939.73	4,864,673.81
<u>OTHER INCOME LESS</u>					
<u>OTHER DEDUCTIONS</u>	6,569,703.91	1,247,367.96	1,204,668.88	1,152,356.52	10,174,097.27
<u>TO CONTINGENCIES RESERVE</u>	\$ 19,506,579.64	\$ 7,266,235.82	\$ -5,368,461.17	\$ -6,365,583.21	\$ 15,038,771.08
<u>PERCENTAGE DISTRIBUTION OF SUBSCRIBER INCOME</u>					
<u>HOSPITAL SERVICES INCURRED</u>	95.77	90.76	102.59	102.59	96.50
<u>ADMINISTRATIVE EXPENSE</u>	3.07	3.20	3.57	3.66	3.16
<u>CONTINGENCIES RESERVE</u>	1.16	6.04	-6.16	-6.25	.34
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
Persons Protected	1,674,791	1,686,026	1,772,264	1,775,411	
Contingencies Reserve Per Capita	\$11.64	\$15.88	\$12.08	\$8.47	
Contingencies Reserve in months of					
Hospital and Administrative Expense	2.92	3.15	2.27	1.46	

Cleveland Blue Cross began operations July, 1934.
Akron Blue Cross began operations January, 1937.

EXHIBIT 21
SUBSCRIBERS
December 31, 1969

	<u>PROTECTED (A)</u>			<u>COMBINED</u>	<u>SERVED (B)</u>	<u>TOTAL</u>
	<u>BLUE CROSS</u>	<u>FULL SERVICE</u>				
	<u>65</u>	<u>INDIV.</u>	<u>FAMILY</u>			
<u>PERSONS PROTECTED AND SERVED</u>						
Previous Month.....	153,251	191,453	1,430,360	1,775,064	48,234	1,823,298
Additions.....	134	- 584	797	347	551	898
As of this Date.....	<u>153,385</u>	<u>190,869</u>	<u>1,431,157</u>	<u>1,775,411</u>	<u>48,785</u>	<u>1,824,196</u>

CONTRACTS

Previous Month.....	153,251	191,453	366,841	711,545	18,590	730,135
Additions.....	134	-584	206	-244	319	75
As of this Date.....	<u>153,385</u>	<u>190,869</u>	<u>367,047</u>	<u>711,301</u>	<u>18,909</u>	<u>730,210</u>

AT END OF CALENDAR YEAR

<u>YEAR</u>	<u>PROTECTED (A)</u>		<u>YEAR</u>	<u>PROTECTED (A)</u>		<u>PERSONS SERVED (B)</u>
	<u>CONTRACTS</u>	<u>PERSONS</u>		<u>CONTRACTS</u>	<u>PERSONS</u>	
1934	3,220	3,220	1951	566,388	1,351,566	
1935	18,473	18,473	1952	599,716	1,434,332	
1936	42,500	42,500	1953	625,723	1,557,370	
1937	91,654	91,654	1954	634,535	1,581,975	
1938	116,974	173,944	1955	662,865	1,697,557	
1939	171,212	316,425	1956	670,460	1,733,542	
1940	238,027	464,979	1957	674,141	1,778,509	
1941	304,808	617,294	1958	666,132	1,770,623	
1942	322,284	697,595	1959	683,681	1,825,097	
1943	369,350	786,387	1960	672,701	1,801,331	43,870
1944	399,731	854,274	1961	663,820	1,780,567	43,870
1945	401,889	870,241	1962	651,235	1,742,035	43,870
1946	473,163	1,036,063	1963	643,245	1,710,422	68,507
1947	489,381	1,083,538	1964	646,084	1,719,330	72,885
1948	490,775	1,102,656	1965	655,254	1,728,436	74,518
1949	493,275	1,130,716	(C) 1966	688,713	1,674,791	71,096
1950	542,807	1,258,858	1967	667,585	1,686,026	79,366
			1968	705,387	1,772,264	47,397

(A) Persons are considered protected if B.C.N.O. has issued the contract to the subscriber.

(B) Persons are considered served if another Blue Cross Plan has issued the contract to the subscriber under a National Plan and B.C.N.O. has agreed with the Plan to service the hospital benefits for the local subscribers.

(C) Medicare effective July 1, 1966.

